

Lemhi County Forest Fire Cost/Profit loss

WILDFIRES ECONOMIC IMPACT

Summary

Wildfires encompass environment, properties, economic loss, and most unfortunately many lives. Public lands use, private lands, animals, tourism, merchants, schools and health institutions are just a few that experience losses. To assess an exact dollar amount may never be touchable. After the wildfires there are years of recovery in all of these areas.

The wildfires of the year 2000, for example, has costs that are in the millions. That does not translate into what was spent towards the threat to urban interface. More public land was effected than private land. The Lemhi County land ownership breakdown is; State land 1%, Federal land 91% and Private land 8%.

Suppression

Suppressions are the beginning costs that Federal monies encounter during wildfire season in Lemhi County. In the last four years at total of \$50,476,747.79 of Federal monies have been used in the suppression of wildfires. The following is information compiled from the FOIA (Freedom of Information Act) request made to Salmon – Challis National Forest Service:

Rehabilitation

Federal monies past and present are being utilized for the majority of wildfire recovery in Lemhi County. The following is information compiled from the FOIA (Freedom of Information Act) request made to Salmon – Challis National Forest Service:

The wildfire burned acres for Lemhi County are as follows:

- In the year 2000, total burned acres were 337,029.6.
- In the year 2001, total burned acres were 255.7.
- In the year 2002, total burned acres were 7,364.5.
- In the year 2003, total burned acres were 60,127.75.
- In the year 2004, total burned acres were 4,843
- In the year 2005, total burned acres were 4,467.15

Reimbursement claims with Salmon-Challis National Forest by private landowners are as follows:

- In the year 2000, total reimbursements were \$21,036.52.
- In the years 2001 to 2002, there were no approved paid claims for fires.
- In the year 2003, total reimbursements were \$1,789.43.
- Information 2004-2005 not available.

Some rehabilitation costs inside the burned acres are still ongoing and the following may be estimates: For the years 2000 to 2001, estimates of \$9,798,352.00. For the years 2002 to 2003, estimates of \$4,821,161.00. The costs for rehabilitation of acres burned and range reimbursement due to fires according to BAER (Burned Area Emergency Rehabilitation) reports are as follows: In the year 2000, costs were \$86,634.00 and range rider reimbursement for moving cattle from burned areas during grazing season for recovery of native vegetation for two seasons was \$21,527.00. In the years 2001 to 2002 there were no BAER funded rehabilitation's. In the year 2003, costs were \$13,353.00. Funding has also been requested for a temporary, contract range rider for the Hayden allotments to include maintenance of temporary fences. At the time of this writing, efforts are underway to accommodate permittees with needed temporary range for livestock during the portions of the spring and summer for 2004. For the years 2000 to 2003, rehabilitation costs outside of the BAER for Lemhi County are estimated to be \$329,371.00.

Additional Economic Impacts

- The latter part of 1999 to the early part of 2000 the Beartrack mine conducted major staff cut backs. Some mines have reached the end of their economic lives, this includes the Meridian Gold's Beartrack Mine here in Lemhi County. After processing nearly 50 million tons of ore and waste, this mine has decreased its operations. As of December, 2003, only 11 of the mine's 121 employees remained at the site. The summer employment is between 20 to 30 employees. Despite these setbacks, the sector faces the future with guarded optimism.
- Without having an official listing of all local businesses or business licensing for each Lemhi business; it is difficult at this time to put a completed percentage on the effect of or closing of businesses as a result from wildfires.

Lemhi Community

Lemhi Statistics	1998	1999	2000	2001	2002	2003
Population	8,030	7,978	7,806	7,606	7,649	*7,663
Labor Force	4,110	3,930	3,667	3,665	3,699	3,853
Employment	3,764	3,618	3,337	3,387	3,424	3,596
Unemployment rate	8.4	7.9	9.0	7.6	7.4	6.7

Source: Idaho Secretary of State Department, Idaho Department of Commerce, Idaho Association of Counties, Idaho Public Lands and Lemhi County Treasurer. Figures round down.

*2003 is estimated per the Idaho Department of Commerce. The actual figures will be available July, 2004.

Business Impact Survey

From the Lemhi businesses two part survey, which was conducted in the Fall of 2000, the following figures can be adjusted 11% minus or plus due to non-response or incomplete surveys.

Part I

The September, 2000 door to door survey is showing that of the 55 surveys completed, with the primary focus of the survey was retail, fuel, food service, recreation business and lodging in the downtown district and highways adjacent to town. Of the businesses surveyed, about 65% are reporting an average of 35% reduction in sales, 15% are reporting sales similar to 1999 and about 20% are reporting sales increased up to 20%. The reduction in sales was primarily attributed to the loss of tourism associated with smoke conditions, closure of highways, closure of rivers and media impacts.

Businesses heavily dependent on tourists suffered the greatest losses, while those that depend primarily on local business stayed near projected sales or increased slightly due to fire related business. At the time of this survey, over 60% of the businesses surveyed were concerned about the following three months with impacts to hunting, fishing and Demobilization of the fire teams.

Part II

The November, 2000 mail survey showing that with the majority which did respond, it was stated they were not affected in 2000 due to their type of business. Only 75 of 440 surveys were returned. Of the 75 returned surveys, 17% did not provide adequate data or due to not being established in 1999, therefore could not show differentiating results for comparing 1999 and 2000. With the remainder that responded to the requested materials these are the findings. For the year 2000, about 41% responding are showing an average of 22% reduction in sales, 15% are showing sales similar to 1999, and about 27% responding are showing sales increases averaging 11%. For the complete, returned surveys, there was a \$2.2 million loss of sales for 2000 compared to 1999. Applying the analysis to 1999 total Lemhi County sales, it is estimated that \$3.6 million was gained by businesses, \$10.7 were lost by businesses, for a net estimated \$7.1 million loss in sales for the year 2000.

Local Survey Summary

Businesses reported an average of 20% loss of employees to fire fighting activities. Businesses showing an increase in sales of 70% had government contracts as opposed to only 16% of businesses reporting losses. Increased sales of 35% were reported during the peak wildfire period. Comparing to 1999, sales returned within 4% in September, 2000.

Businesses showing losses in sales of 16% had government contracts. The 16% lower sales of the peak wildfire period, increased to 24% lower sales in September, 2000. The reported annual 22% less sales suggest that the majority of these business sales are related to the period from July through September. Of the businesses responding to the survey, if the other surveys not returned were discarded, businesses reporting lower sales are 50% of the remaining businesses and an adjusted annual net change could be as high as a negative \$8.6 million.

Ranching

Ranching is one of the main industry in Lemhi County. With the wildfires being predominately on government owned lands this affects range permitted. When this industry is affected it trickles down to other local businesses causing further impact.

The 2000 wildfires hit fast and hard. Immediate closures of all accesses were issued. Not having a safe amount of time to enter and recover livestock from the burning areas resulted in livestock loss. Some rangelands were put into two year resting periods causing heavy cut backs and in one case a complete sale of livestock. Ranchers having to come off the rangeland early resulted in additional costs to purchase great amounts of feed and leasing of adequate holding pastures.

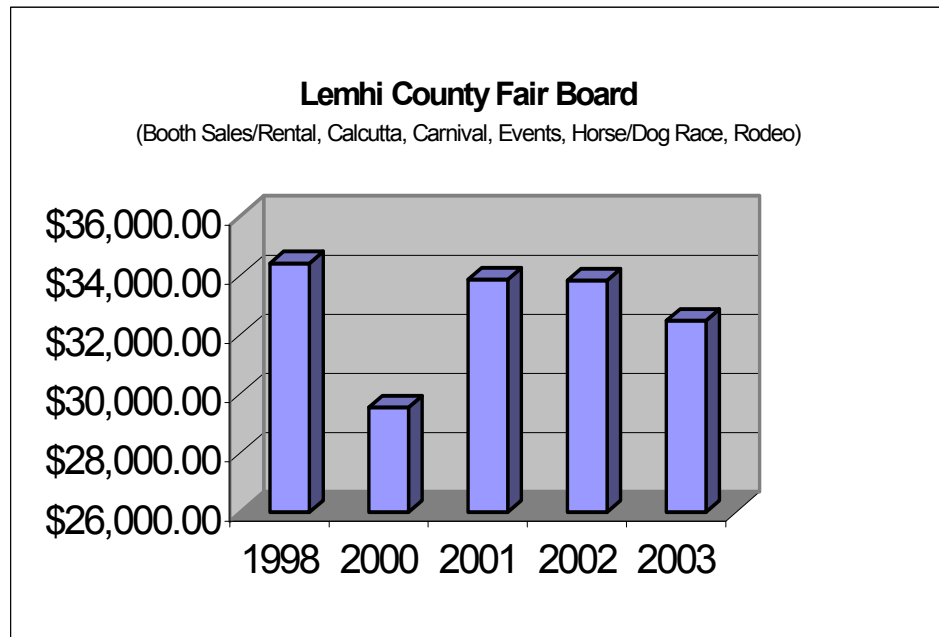
The 2003 wildfires effected ranchers in much the same way. Some of the larger allotments have been approached, through the Bureau of Land Management, with temporary rangeland for the year 2004 and 2005 approximately fifty miles from the ranches home base. The Bureau of Land Management has applied for monies to pay for a range rider for a portion of the 2004 grazing season. The ranches would pay the range rider's salary for the remainder of the grazing season. The ranches would be responsible to pay the livestock shipping to and from the temporary rangeland. The smaller allotments were not accommodated with temporary rangeland. These effects resulted in major livestock sales, purchases of great amounts of feed and leasing of adequate holding pastures, once again.

There is not a reimbursement in this area of loss. Having to be put into the situation to sell livestock during the low time of the market is an additional loss to the ranches. The labor employed is also cut back because of the diminished numbers of livestock and the additional costs the ranches must endure. Ranchers, upon qualifying, could receive low interest grants, adding another expense of interest to be paid. Primarily the ranchers are left holding 100% of the loss. These losses are ongoing and are adding up to millions of dollars, which is the result of the loss of livestock and the loss of rangelands or portions of rangelands. If allowed, the only way to put an exact dollar amount to these losses would be to collect each and every accounting of these years and years to come from each ranch affected.

Outdoor Events

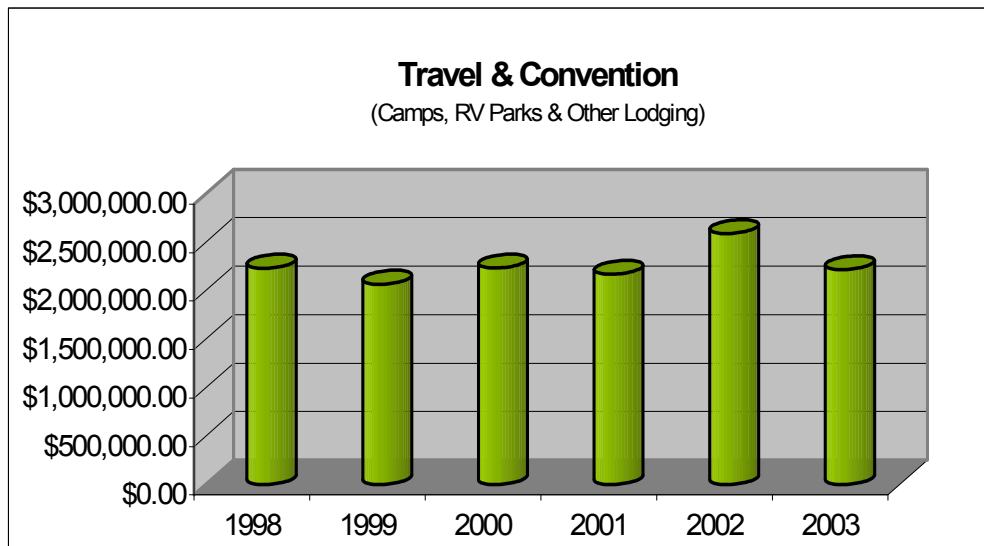
The wildfires effect air quality, which in turn restricts a majority of the community involvement with the outdoor events. The Lemhi County Fair events reflect some of these restrictions. The following are some of the inflows for the Lemhi County Fair Board: The year 1998 inflows were \$34,414. In 1999, the Lemhi County Fair Board converted their files to a new system. In that process most of the information for 1999 was lost and therefore it is not available. The year 2000 inflows were \$29,544; down from 1998 approximately 14%. The year 2001 inflows were \$33,868; up from 2000 approximately 13%. The year 2002 inflows were \$33,839; slightly down from 2001 approximately 0.1 %. The year 2003 the inflows were \$32,469; with the onset of the wildfires the inflows were down from 2002 approximately 4%.

Source: Lemhi County Fair Board



Recreational Lodging

Travel and Convention sales include camps, RV parks and other lodging showing a portion of the



tourism trend. In the year 1998 total sales were \$2,230,832.00. In the year 1999 total sales were \$2,064,986.00; down from 1998 approximately 7%. In the year 2000 total sales were \$2,231,610.00; up from 1999 approximately 7%. In the year 2001 total sales were \$2,168,741.00; down from 2000 approximately 3%. In the year 2002 the total sales were \$2,587,696.00; up from 2001 approximately 16%. In the year 2003 (December, 2003 not yet available) total sales, at this time, are \$2,214,879.00. Estimation at this time shows sales down approximately 14%. Final sales for the year 2003 will be available July, 2004.

Source: Idaho State Tax Commission

Note: In January 2001 the Idaho State Tax Commission made significant changes in the processing and reporting of Travel and Convention Tax Returns. Due to these changes, a comparison of months in 2001 and later to identical time periods in prior years is discouraged.

Outfitters and Guides

Grant Simonds, Executive Director of the Idaho Outfitters and Guides Association responded with the following 2000 wildfire impact information: (Reports such as this are not compiled yearly, therefore the years of 1998, 1999, 2001, 2002 and 2003 are not available for comparison.) The Idaho Outfitters and Guides Association (IOGA) is a statewide business trade organization representing water and land based business including approximately 150 businesses directly affected by the summer of 2000 federal land closures. IOGA contacted all affected Idaho outfitter businesses both in and out of wilderness and heard from 95% of them. The IOGA data gathered from affected businesses estimates that nearly 300 river and land based scheduled summer vacation trips were cancelled affecting in excess of 2,150 guided clients and 400-plus employees of outfitters. The value of lost business exceeds \$2.5 million dollars. Nearly 100 Frank Church River of No Return Wilderness permitted commercial businesses including 65-plus Main Salmon and Middle Fork Salmon river outfitters lost both pre-season and late season bookings with the closure of the Frank Church Wilderness, the Main Salmon River and the Middle Fork of the Salmon River. The closure was lifted on September 6th, much too late for summer water and land-based outfitter businesses to recoup cancelled August and September boating, guest ranch and summer pack trips.

Generally, mid-August to late September guided boating trips represent 30 percent of annual guided business revenue. The summer of 2000 lost business during this period of time represents for many outfitters the difference between paying remaining seasonal operational costs, the mortgage, making a modest profit and operational income for the fall and winter.

Almost all access was restored to Idaho public lands on September 8th allowing all but a few hunt outfitters, guides and clients to be able to keep commitments and reservations to hunt the Idaho backcountry beginning with the elk opener September 15th. However, backcountry fire damage to trails, bridges and other infrastructure were at that time being assessed and in some locations were considerable. The damaged public lands transportation system in burned areas did affect the quality of the guided and non-guided recreation experience in many areas for years to come both in the backcountry and along the trails that are adjacent to the river systems.

Had the closures continued into the late summer and fall hunting season, the IOGA tally of lost business included another \$2.5 million. IOGA also tallied business losses incurred by others such as air taxis, rental equipment suppliers and shuttle businesses. Suffice to say that the summer of 2000's tourism economy of small towns surrounding and adjacent to the restricted areas was hurt significantly. Approximately 50 more Idaho licensed and federal special use permitted outfitters lost business due to federal land and road closures adjacent to the Frank Church Wilderness on the Salmon - Challis, Payette, Nez Perce, Bitterroot (including the southern portion of the Selway Bitterroot Wilderness), Clearwater and Boise National Forests.

Several examples of tallied business losses include:

- Twenty-five of twenty-six Middle Fork Salmon river businesses reported losses that averaged nearly \$37,000.
- The average estimated loss for 42 Main Salmon river and guest ranch businesses is \$21,000 plus.
- The average estimated loss for 15 land-based outfitter businesses with summer pack and fishing trips is nearly \$24,000.

Idaho Outfitters and Guides Association (IOGA) reported that the local resource managers of the Main and Middle Fork Salmon Rivers have told IOGA, in the year 2001, that ideas for mitigation of lost business were being compiled and considered by the Washington Office of the Forest Service. Some decisions regarding mitigation for 2000 private river runners who held permits for the Main and Middle Fork during the closure period were made by local managers in that permittees were offered the same permit date for 2001.

IOGA strongly recommended that mitigation for Middle Fork and Main Salmon river commercial outfitters include allowance to increase party size to 32 from 30 for 2001. This would not increase the number of watercraft nor impact campsites. This would allow businesses to recoup some of the lost business of summer 2000. Further, they recommended that a decision be made on this recommendation by the end of September, 2000 as permitted outfitted launches were currently being booked for 2001. IOGA does not have a good number of estimated losses incurred by outfitter businesses adjacent to the closed areas caused by negative publicity and/or excessive smoke.

Rebuilding After the Loss

Rebuilding after wild land fires can only be accomplished with a joint effort on federal, state, county and community levels. These joint efforts are in the form of reimbursements, rehabilitation, grants, low interest loans and physical participation.

FEMA - In referencing a survey conducted the fall of 2000; from 1999 to 2000 many Lemhi businesses had registered with FEMA Disaster Assistance. Funds statewide were made available with FEMA/SBA in 2000. Businesses of any size may borrow up to \$1.5 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets. Only small businesses could apply for Economic Injury Disaster Loans of up to \$1.5 million to help pay their fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact.

In June of 2002, communities and private landholders in Lemhi and Custer counties suffered extensive damage during the wildfires of 2000. To aid in recovery, the Salmon-Challis National Forest was granted \$475,000 in National Fire Plan funding through the State and Private Forestry program. This funding was sub-granted to communities and individual private landowners through seven grants and several fence reimbursement payments.

Comparing the past six years with an estimated 404,777.5 acres burned, the economic impact staggers according to type and location of business. Of the surveyed businesses, with adjusting percentages factored in, show 6% to 9% loss. Affected ranches concerning livestock and rangeland show 100% loss. Events, lodging and tourism show 96% loss. This impacts the State's and Lemhi County's revenues.

Fuels Reduction Program

Fuels reduction programs are an important factor being implemented not only for wildfire containment; it is improving safety for the valued lives of firefighters and support teams on wildfires.

BLM Agreements Summary

Wildland Urban Interface assistance agreements began July 7, 2001 and is scheduled, at the time of this writing, to November 15, 2005 with funds totaling \$344,000.00. Itemizations are as follows:

Assistance Agreement	Date	Description	Amount
Community Fire Assistance	07/07/01 to 12/31/01	Assessment & mitigation plan of the current issues relating to fire protection, education, equipment in the communities & urban interface areas of Lemhi County Community Fire Assistance.	
Community Fire Assistance	08/19/02 to 01/01/03	Purchase of the New Encore Portable Tire Baler.	\$71,000.00
Community Fire Assistance	08/19/02 to 01/01/03	Public Outreach & Draft Hazard Assessment.	\$113,000.00
Community Fire Assistance	08/08/01 to 09/30/05	Additional funding.	\$80,000.00
Community Fire Assistance	11/15/05	Development of the mitigation plan for Lemhi County.	\$80,000.00
CURRENT FUNDING TOTAL			\$344,000.00

Source: Bureau of Land Management.

The monies being used to process and initiate the mitigation plan are approximately \$100,000.00. If Lemhi County did not produce a mitigation plan the county would not qualify for a majority of assistance grants and funds. Without mitigation Lemhi County's revenue recovery and physical recovery would be slow or not at all.

To quote from President Bush's executive summary on healthy forests; "These unnaturally extreme fires are caused by a crisis of deteriorating forest and rangeland health, the result of a century of well-intentioned but misguided land management."

ACKNOWLEDGMENTS

Idaho Bureau of Land Management
Salmon – Challis National Forest Service
Idaho Secretary of State Department
Idaho State Tax Commission
Idaho Department of Commerce
Idaho Association of Counties
Idaho Department of Lands
Idaho Outfitters and Guides Association
Lemhi County Treasurer Office
Lemhi County Fair Board
Salmon Valley Chamber of Commerce
Lemhi County Local Merchants
Lemhi County Ranchers
Meridian Gold / Beartrack Mine